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ROUND TABLE

A RADIO DISCUSSION OF

THE CRISIS AND YOUR POCKETBOOK

RUTH AYRES LEO CHERNE
NEIL JACOBY

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NOTE

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THE CRISIS AND YOUR POCKETBOOK

A UNIVERSITY OF CHICAGO ROUND TABLE BROADCAST*

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* A radio discussion broadcast from Radio City, New York, over the Red Network of the National Broadcasting Company, Sunday, June 15, 1941, at 2:30 P.M., Eastern Daylight Saving Time.

The ROUND TABLE, oldest educational program continuously on the air, is broadcast entirely without a script. Subjects are chosen because of their social, political, or economic significance. The program has no "ax to grind." In the selection of speakers, the effort is to provide a balanced discussion by participants who have special competence and knowledge. The opinion of each speaker is his own and in no way involves the responsibility of either the University of Chicago or the National Broadcasting Company.

THE CRISIS AND YOUR POCKETBOOK

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As the defense program pours nearly a billion dollars a month into American industry, wage-earners' pay envelopes get fatter and fatter, and the cash registers of Main Street, U.S.A., ring a tune of prosperity. But down the economic ladder tumble priorities, bottlenecks, taxes, and shortages—shoving prices higher and higher as demand surpasses supply and bidding begins for stocks on hand.

While more and more families see new cars, refrigerators, and other luxuries almost within reach, the housewife finds her budget slipping—food is more expensive, clothing prices are starting up, and taxes crop up from every legislative sitting.

What is ahead? Are prices going wild? What is to be done about the rising cost of living? What should *be done?*

To answer these and other questions, the University of Chicago ROUND TABLE *invited three expert observers to its microphone to discuss "The Crisis and Your Pocketbook."*

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MR. JACOBY: I think Americans everywhere are getting pretty interested in this price business. Even people out in the plains of Kansas and Oklahoma are beginning to see that bombs dropping on the plains of Africa and Europe are affecting them.

Miss Ayres, they tell me that women buy about 80 per cent of all the consumption goods of the country. What do you find about price movements?

MISS AYRES: I find, just as an individual housewife, that cer-

tainly this crisis is affecting me. When I go into the grocery store to buy my week's supplies, I find that my budget no longer fits and that I have to add substantially to it before I can feed the family.

MR. CHERNE: I decided rather belatedly a few days ago that I am in the market for an automobile. Naturally, as so many others have been, I was disturbed by the price increase that was placed on automobiles by a number of manufacturers. You must have had similar experiences, Jacoby.[1]

MR. JACOBY: Well, I live in New York and I find that my butter is costing me 50 cents a pound instead of 35 cents, and for eggs I pay about as much more. Then I went to the cost-of-living figures for the United States, and I find that they are up about 5 per cent. Is that about right, Miss Ayres?

MISS AYRES: Yes. It is up about 5 per cent; but that means that, every time I try to buy what would ordinarily take a dollar, I have to add a nickel. That is just an average. But, when you look at specific items, I am paying very much more than 5 cents extra for many of them.[2]

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[1] *On June 13, Leon Henderson, federal price control administrator, made public a formal letter to five automobile manufacturers in which he asked for the immediate withdrawal of recent price increases on new cars. Auto manufacturers, meanwhile, according to "Business Week," are expected to counter with data on effects of using substitute materials, restrictions on die-cut tools, increases in labor costs, and taxes upon production costs.*

[2] *The Bureau of Labor Statistics reported in May that the index of retail food cost in fifty-one large cities had risen from 95.6 in March, 1940, to 98.4 in March, 1941, using the cost range of 1935–39 as equaling 100. Among the various commodities in the index, the greatest rise (from 91.0 to 102.5) was in meats. Some of the specific rises in average retail prices in these cities in the twelve months' period were:*

Veal cutlets—41.9 cents per pound to 46.2 cents
Sliced bacon—26.9 cents per pound to 32.0 cents

(Footnote continued on page 4)

MR. JACOBY: Food is the big item in the consumer budget. How do food prices behave?

MISS AYRES: Food prices have gone up in many instances as much as 20 per cent. The average is up 9 per cent, so that I have to add 9 cents on every single food dollar that I am spending, and that is a great deal.

MR. CHERNE: We find an even more interesting example in rents. It is interesting because there is no uniform increase in rents. In some sections of the country—those sections where they are working on defense contracts—new workers coming in have found the rents anywhere from 35 to 100 per cent higher. Workers formerly paying $30 a month now find themselves paying $40, $50, and even $60 a month.[3]

MISS AYRES: That is just in those defense areas, of course.

MR. CHERNE: That's right!

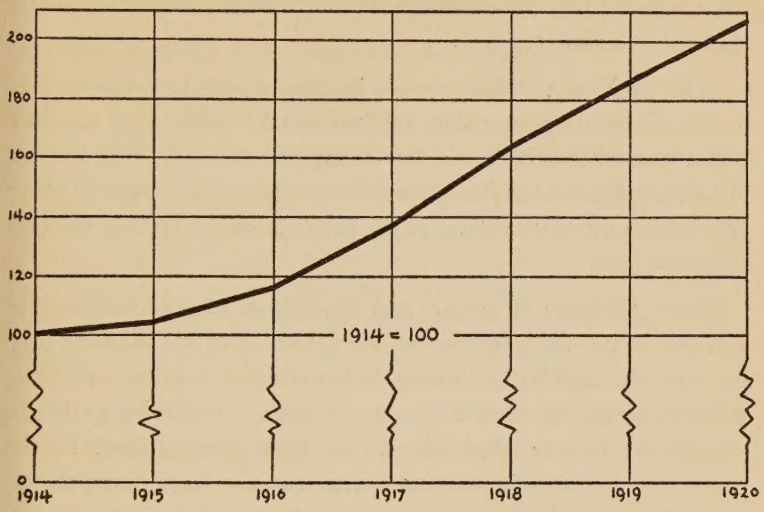
MR. JACOBY: Rents as a whole, I think, haven't risen nearly as much as food. One interesting thing is that the pattern of price increases during the last two years in the United States, in Britain, in Germany, and in other countries has just about duplicated the behavior of prices in the first years of the first World War, and I think a lot of people are wondering whether the late years of the last war—when we had tremendous price increases—might not also be duplicated. (*See illustration, page 5.*)

MISS AYRES: What do you think is the reason for that?

On the other hand, the price of potatoes fell from an average of 38.4 cents per 15 pounds to 29.6 cents, and that of wheat flour from 44.9 cents per 10 pounds to 41.7 cents.

[3] *A case in point might be cited from Tullahoma, Tennessee, near the large camp of the Thirty-third Division at Camp Forrest. Reports from that town indicate rooms that were once rented for ten dollars per month are not now available for less than one hundred.*

COST OF LIVING DOUBLED, 1914–20



MR. JACOBY: The reason for their fear, or for the price increase?

MISS AYRES: The reason prices seem to be moving in the same direction as they did during the same period in World War I.

MR. JACOBY: It seems to me the answer is that we have the same basic factors at work: efforts to increase production, causing shortages and increases in demands for the same amount of goods which forces prices up.

MR. CHERNE: One of the things we can learn from that is the second fact that prices increase more in the period before war or in the early stages of war or defense than they do in actual war itself.

MR. JACOBY: And they increase more after the war than during the war.

MR. CHERNE: That's right! Which means that right now we

(when I say "we," I mean all of us Americans) have a more legitimate reason to be concerned about prices than if we were actually engaged in a shooting war.

MR. JACOBY: People are not interested only in the price tags on the things they buy; they are interested in what they can buy with the number of dollars in the weekly pay envelope. The Bureau of Labor Statistics has just released some figures showing that there are 15 per cent more dollars in the pocketbooks of factory workers than last year.

MISS AYRES: Of course, that depends on what factory worker you are. If you are a factory worker (as many of our listeners may be) who are working in defense industries and working overtime, you are getting one kind of income; whereas, if you are a worker in an ordinary factory which has not yet been changed much by defense, your income might not be changed at all. Even more, the income of the white-collar workers and workers in stores has not gone up anything like 15 per cent.[4]

MR. CHERNE: Let's assume that all of us are factory workers who have had an increase in pay. That increase is made even more dramatic when we realize that the cost of living—the cost of buying the things we eat and wear and enjoy—is 10 per cent *less* now than in the boom year of 1929.[5] That means that we can still pay more

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[4] *On June 14 the Department of Labor announced that during the last year (April, 1940—April, 1941) weekly earnings in manufacturing industries had risen 15.8 per cent: in durable goods industries 17.9 per cent and in nondurable goods 10.5 per cent.* (*See illustration, page 9.*) *During the same period wages in the wholesale trade had risen 3.8 per cent and in the retail trade only 2 per cent.*

[5] *The Bureau of Labor Statistics cost-of-living index for wage-earners (based on 1935–39 as equaling 100) stood at 70.7 for the year 1913. It rose steadily thereafter and reached a high of 149.4 in June, 1920, followed by a decline to 118.7 in September, 1922. The figure then re-*

without tapping our present money; without taking all the coins out of the pocketbook we are talking about.

MISS AYRES: You mean that some of us can.

MR. CHERNE: Most of us.

MR. JACOBY: It is generally true, though, that the factory worker is better off than he was a year ago—he can get more automobiles and buy more groceries and clothing; but the white-collar worker—the fellow who is riding the subway or the streetcar in the morning to his job—and the farm worker probably have not found the money in their pocketbooks moving up as rapidly as the prices of things they buy. They are in the squeeze, aren't they?

MR. CHERNE: If you are a white-collar worker, the probability is that the squeeze will not be any less severe than it is at the present time. If you are a white-collar worker, the probability is that the squeeze will become more drastic; that your pocketbook will open with less and less ease as the crisis continues.

MR. JACOBY: Right!

MISS AYRES: Can we explain what we mean by that "squeeze"?

MR. CHERNE: The squeeze comes about this way: If you are a white-collar worker earning anywhere from $1,000 to $2,000 a year, the probability is that your pay is not going to be increased as quickly as the prices will go up. If you are working as a factory worker, your entire group may go out on strike, or collective bargaining may increase your rate of pay—the amount you earn—al-

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mained comparatively steady in the 120's until December, 1929, when it started downward, reaching a low of 90.8 in June, 1933. It climbed in 1933 and 1934, however, and has remained in the 90's since that time except for a period in 1936–37 when it rose just over 100 for eighteen months.

most in constant proportion to the cost of your living. But the white-collar worker remains at a fixed income; he gets a certain amount and he is not likely to get very much more as prices continue to go up. He is really squeezed!

MR. JACOBY: You have put in a very vivid way the very fault, the error, in a system that permits price increases because some people in the country are badly affected and other people are not badly affected. It creates a great deal of injustice that weakens our national unity and our spirit in the defense program.

MR. CHERNE: I think that, before we discuss the injustices and difficulties that arise out of the price system, we ought to discuss briefly just what is causing the price rises.

MISS AYRES: I think so, too. When I think that I am paying more out of my pocketbook, I want to know why.

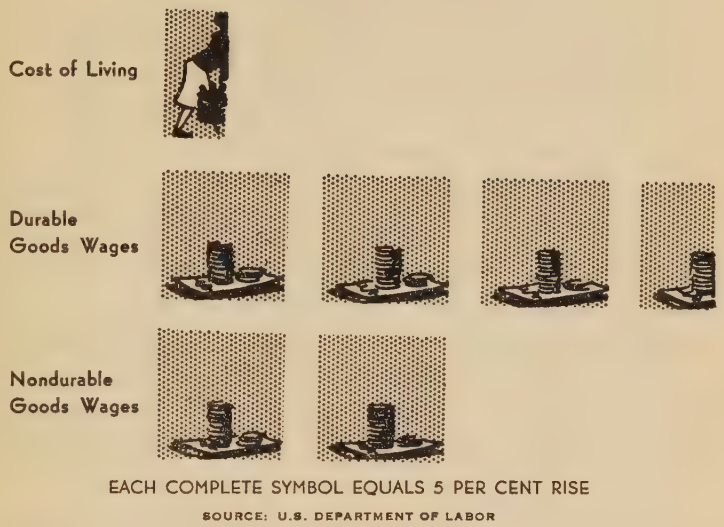
MR. JACOBY: I'd like to suggest that there are four things that answer your question. First, there is the scarcity of certain essential materials. Second, there is the fact that the defense program is taking materials of which there may not yet be a scarcity but which nevertheless reduces the supply available for the public. Third, there are what we call the "bottlenecks." And, fourth, there is speculation.

MISS AYRES: What on earth do you mean by "bottlenecks?" I've heard it used with all kinds of definitions. I would like to hear it defined in terms with which we all agree right now.

MR. CHERNE: I think a good illustration of a "bottleneck" is the bottleneck that at the present time is causing oil worries in the eastern seaboard states. There is enough oil in the United States.

MISS AYRES: Exactly! There is a grand example.

MR. CHERNE: There is enough gasoline, but the problem comes because there are not enough pipelines and tankers to bring that gasoline to New York City—to take one specific example.



MR. JACOBY: That is what we call a "transportation bottleneck."

MISS AYRES: One item of which we haven't enough to make the rest of it flow.

MR. JACOBY: It seems to me that bottlenecks of themselves are probably not so important as the fact that defense is taking goods that it did not formerly take. The big item in the consumer budget (you will agree, Miss Ayres) is food.

MISS AYRES: Food is the most important single item in the consumer budget.

MR. CHERNE: Food isn't something that defense is taking from the consumer.

MR. JACOBY: I disagree with you! Food is being purchased in large quantities by British purchasing agents—especially milk, sugar, butter, cheese, and items of that kind.

MR. CHERNE: That is perfectly true, but there is actually no shortage of food in the United States. In other words, defense is not taking food which is just about adequate for our own consumption. There is more than enough food for our own consumption.

MR. JACOBY: If we would permit our farmers to produce all the food they can produce.

MR. CHERNE: Right!

MR. JACOBY: Right there I'd like to point this out: There is something fundamentally wrong and inconsistent in an economy where we pay farmers to reduce acreage and cut production and force increases in the price of food (and Miss Ayres has just told us that food has gone up in the consumer budget more than any other item) at the very time that we ought to keep these consumer prices down.

MR. CHERNE: I think you've brought in your pet antipathy very smoothly.

MR. JACOBY: I have some other antipathies!

MR. CHERNE: Let's discuss for just a moment the scarcity of certain of the essential materials that are needed for our defense.

MISS AYRES: There are different reasons for scarcity, aren't there? Some of them result from a lack of shipping and getting imports from across the ocean; some of them are because more is needed for defense production; some of them occur because one single item of a large group is used for defense purposes. I think we have to realize that there are a series of causes, not just one.

MR. JACOBY: Let's take some specific examples: aluminum, nickel, tin. How, for instance, does the shortage of nickel affect the average consumer?

MR. CHERNE: The shortage of nickel affects the average consumer first of all in his home. His plumbing fixtures are usually coated with nickel. Many of the metal ornaments in the house are either coated with nickel or made of a high proportion of nickel. The automobile, the vacuum cleaner, and the refrigerator all use a fairly good percentage of nickel, and at the present time the defense administration has said very clearly that there will be no nickel for home consumption.

MISS AYRES: There are other kinds of shortages where, for instance, farm labor may be drawn off to build airplanes, thus causing in specific areas a shortage of beans. That is another kind of shortage where labor is the key.

MR. CHERNE: Miss Ayres, in your recent trip through upper New York State, didn't you find that farm workers have already left the farms and been attracted to Buffalo?

MISS AYRES: In certain areas that is true, and therefore we have to look for shortages in the specific commodities that are produced around such areas.

MR. JACOBY: You know, a good many listeners to the University of Chicago ROUND TABLE have written to ask: "Aren't retailers and wholesalers taking advantage of our international situation and making unjustifiable increases in prices?" What they are thinking of, I think, is whether or not speculation has caused some of the price rises.

I personally would be inclined to the view that it has not. The National Retail Dry Goods Association, and other retailers' groups, have, I think, warned their members against price increases that are not warranted by increases in actual business volume or that are not warranted by actual increase in the costs of the goods to them.

MR. CHERNE: I am happy that you mentioned the National Retail Dry Goods Association, because I think they do deserve a special plug.

MR. JACOBY: Very definitely!

MISS AYRES: Not only the Retail Dry Goods Association but the whole retail industry should have a handclap, I think.

MR. CHERNE: That's right! And at this point I'd like to talk to those who are listening to this discussion of "The Crisis and Your Pocketbook." Talking to you directly, I think you can very effectively help the defense program by checking with your retailer to determine whether price increases that he has found necessary to place on merchandise have been passed on to him by wholesalers or manufacturers who are exploiting the crisis.

MR. JACOBY: A very good piece of advice, Cherne, but I am inclined to think that in the case of food the real difficulty comes with this program of artificial scarcity that we have induced and that the old phrase "We can't have guns and butter, too," is wrong in the case of America. We can have guns *and* butter, but we can't have guns and automobiles and refrigerators, because automobiles and refrigerators are the sort of things that contain materials used in defense.[6]

MR. CHERNE: There, strangely enough, we are following consciously a program which creates the choice between guns and butter when it isn't necessary that that choice be made.

MR. JACOBY: Quite right!

MISS AYRES: Of course, we have a series of reasons in relation to food which seem to go beyond the farm program as far as those elements are concerned, and that leads us to the whole question of speculation. What is speculation? Speculation is making the most

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[6] *See the* ROUND TABLE *discussion "Guns or Butter?" broadcast February 16, 1941, in which Robert Nathan, Harry Gideonse, and Mr. Cherne participated.*

of the market, and therefore speculation, to be controlled, must be controlled on an industry basis, the way the retailers have done, or else on a government basis. You probably cannot ask the individual to control speculation.

MR. JACOBY: Very true!

MR. CHERNE: You can ask entire groups and even industries, however, to control speculation . . . .

MISS AYRES: Surely!

MR. CHERNE: . . . . and I think the rules that were set out by the administration deserve special mention because those rules can, to a very substantial extent, control speculation.

MR. JACOBY: Let's remember that we cannot prevent all price rises merely by stopping speculation, because most of the price rises come about because of genuine bottlenecks or genuine shortages and are perfectly natural responses to the situation in which the businessman finds himself.

MISS AYRES: I think they are all natural.

MR. JACOBY: Yes. I don't think it is necessary to prove that we should prevent rising prices. Will anyone argue that rising price levels are good things?

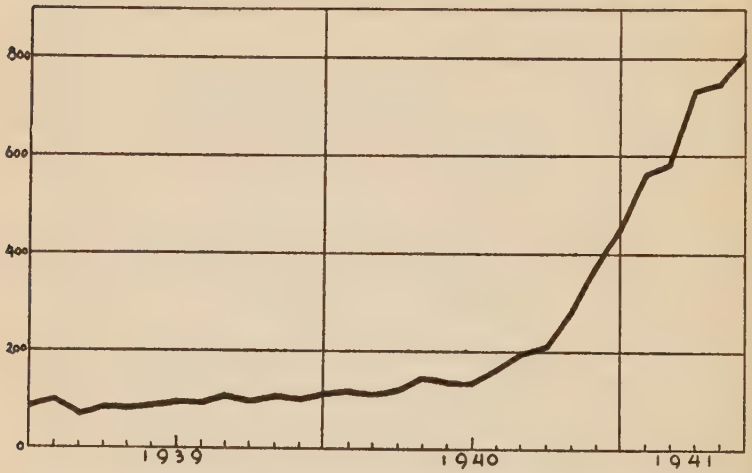
MR. CHERNE: No, I won't argue that. I think it is desirable to at least illustrate why we should prevent price rises. The most dramatic illustration was the one we mentioned earlier. If you are a white-collar worker, the probability is that the money that comes in your pay envelope is not going to increase substantially during this crisis, whereas, if you are a factory worker, your pay envelope will increase substantially.

MR. JACOBY: Yes.

MR. CHERNE: As a result of that we are taking two separate

EXPENDITURES FOR DEFENSE AI

Actual defense expenditures in millions of dollars per month



individuals and dealing with them unfairly, one at the expense of the other.

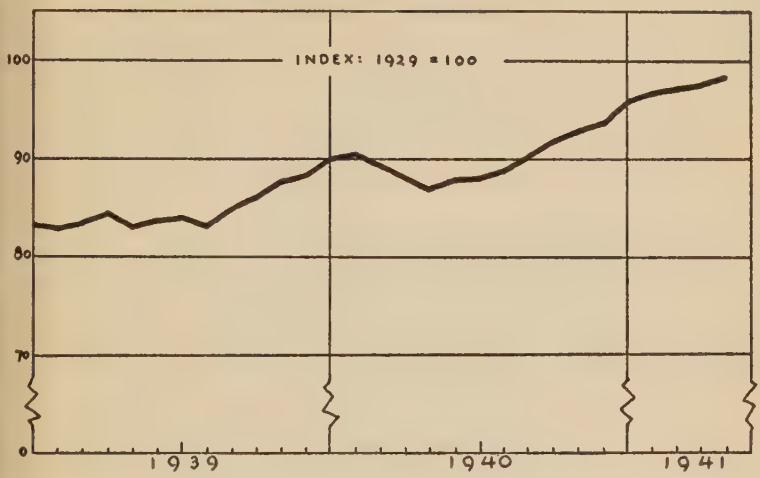
MR. JACOBY: And where you have unfair treatment of that kind you weaken your defense efforts.

MISS AYRES: And, of course, it is much more complicated than that. It reaches out in relation to all the groups in the community, and it depends on who you are whether you are benefited or hurt. You can go around the whole list, from farmer to nursemaid, and find a very real difference in what happens.

MR. CHERNE: Another reason for stopping price rises, or preventing them to the extent that we can, is that every price rise makes it more difficult for the government to purchase its munitions at the price it originally estimated. We've appropriated some $35,000,000,000 for defense. If prices double, the $35,000,000,000 for

NG CONSUMERS' POCKETBOOKS

American income is approaching 1929 levels



defense will amount to little more than $17,000,000,000 for defense. It means that taxes must almost be doubled to make up for that price increase.

MR. JACOBY: That's right! and perhaps the government will borrow more money, and that will lead to further spending and further price rises, and you generate what we call the "spiral of inflation," which ends in a crackup, as it did in Germany and some of the European countries back in the twenties.

Well, admitting, then, that we should prevent rising prices . . . .

MISS AYRES: We *must* prevent rising prices!

MR. JACOBY: . . . . let's look at the difficulties. I think there are some very acute difficulties, especially in a democracy.

MR. CHERNE: The first difficulty in preventing price increases is that, as soon as we place a price ceiling on one commodity, we

have almost immediately two effects. First, we divert people from buying that commodity into buying another commodity. For instance, a price ceiling placed on coffee will only have the effect of getting us to buy cocoa or tea instead of coffee.

MR. JACOBY: So that, if you try to fix a few prices, you are driven inevitably into a system where you have to fix all the prices.

MR. CHERNE: That's right!

MR. JACOBY: That is a very cumbersome and complex situation to whip.

MISS AYRES: That depends—doesn't it?—upon what you are trying to do. If you want to deflect buying, it is a very good way to deflect it; but if, on the other hand, you want to stop prices from rising, it is not a good way to stop *all* prices from rising.

MR. JACOBY: That is correct! And I think that Mr. Henderson, our Price Administrator, is faced with simply an impossible problem by going around and pecking at individual prices and establishing price ceilings.

MR. CHERNE: But in all fairness, even if it is an impossible problem, we must admit that he has done a magnificent job.

MR. JACOBY: Agreed!

MR. CHERNE: If we realize that the price rise thus far has only been 5 cents on a dollar in a period when production has gone up by almost 50 per cent, he has done a fine job by this impossible process of pecking at individual prices.

MISS AYRES: And the problem is: What next?

MR. JACOBY: I think the way to go at this problem of rising prices is to go to the source of rising prices, and the source of rising prices is larger incomes. (*See illustration, page 15.*) The people are getting more dollars in their pockets; they are going to spend them, and, when they go out in the market and start bidding for

refrigerators and shoes and overalls and what not, those prices are inevitably going to rise. The way to prevent prices from rising is to prevent them from getting the dollars that enable them to bid for the goods.

MR. CHERNE: What you are saying is that the way to keep prices from going up is to keep people from spending the money that makes the prices go up. Isn't that right?

MR. JACOBY: That's correct!

MISS AYRES: Aren't we also touching on a very basic factor in our whole defense program, namely, that we cannot produce to the hilt for defense if at the same time we are using that same energy to make luxury commodities and that, therefore, the price is the key to what we do as well as to what goes in and out of the pocketbook?

MR. CHERNE: That means that one of our first steps must be to cut down in postponable goods, or luxury goods.

MISS AYRES: I like the way you put that.

MR. CHERNE: The postponable goods don't include the foods and clothing that we are primarily interested in, nor do I think they should.

MR. JACOBY: By "postponable goods" you have reference, I assume, to the automobile, the refrigerator, and electrical appliances.

MR. CHERNE: Yes.

MR. JACOBY: Items that don't have to be bought each week or each month, but which can be used for a fairly long period of time. People don't have to have them.

MISS AYRES: The overstuff chair—all of the things that we can put off buying for another year if we really want to see defense built up.

MR. CHERNE: As a matter of fact, that type of postponement will help defense, whereas we cannot take a canner of peaches and say to him: "Instead of canning peaches, why don't you make tanks?" Fortunately, it happens that most of the sellers of the things we have to eat and wear cannot make things that are needed for armament.[7]

MR. JACOBY: Precisely! If we want to shift our productive system from consumer goods—things we eat and wear and use—to munitions, the place to go at it is at the durable consumer goods, or what you call the "postponable goods," because they are using steel, copper, aluminum, and other metals that are essential.

MR. CHERNE: Actually the program has already been started by the use of priorities. Priorities divert aluminum from lamp shades to airplanes.

MISS AYRES: But we also must be sure that we have priorities for those essential consumer commodities which keep us healthy and give us a sense of well-being that we may defend ourselves.

MR. JACOBY: I just don't follow you there.

MISS AYRES: If we can't have enough food, for instance, because we take all our food workers and put them to building airplanes, we are not doing a good job of defense.

MR. JACOBY: Precisely!

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[7] *Proving that a flour mill can produce antiaircraft ordnance, Pillsbury's Minneapolis plant recently turned over its twenty-five-man machine shop on a twenty-four-hour-day, seven-day-week basis to do a subcontract job for Northern Pump Co., Minnesota's largest defense industry. General Mills' Minneapolis plant has turned its mechanical development personnel and one of the best machine shops in the country over to work on confidential contracts for the Navy. With a 30 per cent capacity excess above potential consumer demands, no shortages are expected to develop from these trends in the milling industry.*

MISS AYRES: We must see to it that we have enough workers or food and enough workers for clothing, in addition to enough vorkers for airplanes, and cut out on the luxury commodities that onsumers can afford to get along without during the crisis.

MR. CHERNE: And by the very process of doing without aluninum ice trays we save approximately 7,500,000 pounds of aluninum a year.

MISS AYRES: And we've got to begin to do that right now!

MR. JACOBY: Yes, but I just want to make this point on Miss Ayres's comment: we are never going to have to ration food in this ountry if we will allow our huge army of agricultural workers to roduce what they can produce.

MR. CHERNE: You are back to that again!

MR. JACOBY: Yes, and I'd go further! It seems to me that one lace to stop making consumer goods is in housing. I think a suspenion of the F.H.A. program, except in defense areas where new housng is needed, would enable a lot of people who are building houses—killed workmen, and lumber and other materials which are being levoted to postponable goods—to be shifted to defense.

MISS AYRES: That comes back to priorities again and how nuch we need for defense—what we have to do in relation to the otal problem.

MR. JACOBY: It is a matter of government subsidies where hey now exist. It is a simpler thing than the priorities.

MR. CHERNE: I think there is an even more important approach to the problem of preventing price rises, and that is to keep a portion of our earnings from ever getting into the market to buy he things that could be postponed. If the government will divert earnings by taxation or through the means of government bonds, hat portion of our earnings will never see the refrigerator.

MR. JACOBY: Very true! And we must remember, I thinl that taxation is a two-edged sword. If we laid heavy taxes, let's sa on the electric refrigerator, that would force up the price of the r frigerator, and not only would it put some revenue in the hands c the government but it would also make refrigerators so high price that people would not want to buy them. Heavy taxes on pos ponable commodities are called for in the present emergency.

MR. CHERNE: There we find one of the major difficulties i our present defense administration. I think it is especially unfo tunate that the recommendations for tax legislation made by thos responsible for our defense are being almost completely ignored b the men in Congress who are responsible for drafting a tax law. don't think you can draft tax law in one place and draft price polic in another place. I think priorities policy and tax policy almost g hand in hand and serve the same function.

MR. JACOBY: It is all a part of an integrating program.

MISS AYRES: If we cannot unify that program, we cann possibly meet the needs of production of defense at the presen time.

MR. JACOBY: There is another way, I think, of cutting th consumer's income so he won't be able to bid up the price of goods and that is to prevent him from borrowing money to buy goods. wonder how many people realize that we have outstanding nearl $10,000,000,000 of debt owed by families—your family and m family—and that this consumer debt is increasing. As long as i does increase, it means that people are able to anticipate future in comes in order to buy goods now. That is another thing that force up prices.

MR. CHERNE: I am one of those who doesn't know what $10, 000,000,000 is; but I do know that, if you can borrow to buy a ca or buy a refrigerator and have eighteen months in which to pa

that debt, you are more likely to buy the car or refrigerator than if you are permitted only six months to pay that debt. I think we are both saying the same thing.

MR. JACOBY: Quite right! And I think it is high time that this big separate banking system (which is in fact what it has become), supplying consumers' credit, ought to be restricted. We ought to limit the amount of time a man has to pay for a car and should step up the amount of his down payment and thus reduce the number of cars that can be bought.[8]

MISS AYRES: Particularly on postponable goods.

MR. JACOBY: Correct!

MR. CHERNE: I think there is another important means of cutting down price increases, or preventing price increases, that we have thus far ignored, and that is the conservation program—a program that actually limits the things we buy through appeals to patriotism and through the compulsion not to make them.

Here is what England has done: England has taken the manufacturers who have been making luxury goods and has said to them: "If there are ten firms in the field, nine of these firms will completely discontinue, and the tenth will make all the luxury goods formerly made by the entire group."

MR. JACOBY: A great step-up in efficiency. There is also another step we might take, and that is to compel people to save and buy government bonds. In England they have done that. The factory worker has a certain number of dollars docked off his pay, and that is invested in government bonds for him, so he doesn't spend as much now and he enables the government to spend the money for defense.

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[8] *In the midst of rumors of a crackdown on instalment buying, Sears, Roebuck & Co. recently notified its store managers that credit terms must be limited to twenty-four months after July 1, 1941. Previously Sears had offered three-year terms on refrigerators, electric ranges, etc.*

So far we have as a nation gone through what I'd call the pleasurable period—the joyride of the defense program. The goods that large classes of people can enjoy have become more plentiful because the increase in dollars coming into the pocketbook has outstripped the rise in prices of the things that people buy with those dollars. But this cannot continue if we are to arm adequately and rapidly enough to meet our national emergency.

MR. CHERNE: You are not only right but, I think, we can say that our crisis exerts a pull on our purse strings from four separate directions. It prevents you from spending your money by giving you fewer things to buy; it prevents you from spending your money by inducing you to save it through investment in government bonds, defense stamps, etc.; it prevents you from spending your money by taxation—income taxes, excise taxes, the luxury taxes; and high prices themselves, occasioned either by shortages or by mounting cost of production, will exert a terrific restraint on the ease with which your pocketbook opens.

MR. JACOBY: So there must be a reduction in the goods we consume, and this must be brought about by far more direct action than we have yet seen. Prices won't be kept from rising merely by putting on a few price ceilings: limitations on consumer borrowing and the spirit of sacrifice are all going to be necessary and must play their part if we are to stop this upward spiraling of prices.

SUGGESTED READINGS

"Are Prices Going Up?" the newspaper *PM* (New York), May 19, 1941. *Seven articles tracing developments in prices and Washington efforts to cope with the problem.*

ELLIOTT, HARRIET, "Maintain and Strengthen Living Standards," *American Labor Legislation Review*, March, 1941. *The head of consumer protection for the National Defense Advisory Commission outlines her views on prices and America's standard of living in the present crisis months, with some attention to possible developments as our economy becomes more and more geared to the production of war goods.*

"Guns? Yes, and Butter, Too," *New York Times Magazine*, July 21, 1940. *A brief summary, written shortly after the establishment of a consumers' section in the N.D.A.C., covering the aims of consumer protection agencies within the government, especially that headed by Miss Elliott.*

HUTCHINSON, KEITH, "Salients on the Price Front," *Nation*, May 31, 1941. *A discussion of price trends which leads to the recommendation that the government ask for "more effective means of controlling prices than it now possesses."*

"Rising Prices?" *Business Week*, March 8, 1941. *The prospect of increased costs from the businessman's point of view.*

"The Cost of Living," *Current History*, February 13, 1941. *A survey of changes in prices and costs as a result of the defense and war efforts.*

OBJECTIVE QUESTIONS FOR EXAMINATION

The answers to the following questions may be found in the text of the broadcast, and page references are provided to assist in locating the answers.

*

1. What percentage rise in cost of living has taken place since the war began? In food prices? In rents in defense areas? Page 3.
2. Despite these rises, how does the cost of living now compare with living costs in the boom year of 1929? Page 6.
3. What class of worker is "caught in the squeeze of rising prices"? Why? Page 7.
4. What raw materials are listed as needed more for defense than for civilian goods? Page 10.
5. List several "postponable" goods or luxuries mentioned by the speakers. Page 17.
6. Instalment buying and other private borrowing have created how large a debt owed by individual Americans? Page 20.
7. List the four interrelated courses of action recommended for keeping prices down. Pages 20–21.
8. List three types of taxes which will limit the amount of money available for purchases which might create demands exceeding supply and thus force prices up. Page 22.

QUESTIONS FOR ANALYSIS AND DISCUSSION

The following questions of wider scope, intended for discussion, are uggested by the broadcast, and answers may be found in the literature n the subject listed in the section "Suggested Readings," found on age 23.

*

. List a few signs of rising living costs that you have noticed. Do you believe these increased prices have been justified? What reasons would you give for these higher prices?

. Discuss the ways in which price rises affect different parts of the population differently, i.e., the wage-earner and the white-collar worker. Why does the impact of rising costs affect one more than the other? Discuss.

;. Define the term "bottleneck" as it is now being used. Discuss ways in which a bottleneck may affect many parts of the economy. Name a few that have already developed. What is being done about them?

4. Do you agree that government subsidies to reduce farm production are out of line with increasing needs for food and rising food prices? What would you suggest be done about this situation?

5. Discuss the pro's and con's of the recommendation that Federal Housing Administration activities be curtailed except in areas where defense industries are creating demands for housing.

6. Discuss the suggestion that money be kept out of the market and placed at the immediate disposal of the government by having a certain amount docked from each pay envelope for the purchase of government bonds. Where has this system been used? Do you approve?

The Listeners' Round Table . . . .

Letters to the ROUND TABLE *frequently contain interesting and illuminating sidelights on the subject matter discussed on the air. These comments are from letters received following the broadcast discussion of "War against the Middle Classes?" June 8, 1941.*

*

The Middle Class

I really think that Professors Stone and Krueger should leave their industrial relations and their classrooms where they are "graduating students every day into the proletariat" and come out and mingle with us, the middle class, and find out our hopes, dreams, and ambitions.

Gentlemen, to what class do you belong, and what constructive thing are you doing to further the life of our democracy? Surely you do not hope that the pessimistic, almost cynical, arguments that we listened to today will be of any use except, maybe, to make some uncertain listener more uncertain as to whether he has a right to the hopes and ambitions he holds for himself and his children.

Your basic point that the people of today do not have the "old middle-class idea" that every generation, if given the proper help, incentive, and guidance, can go just a little further than the last proves that you, not the professor from Lawrence, are, as you told him, "crazy in the head."

You should have listened to that man with the broken English, who has been here such a short time, but not so short but what he could see the hopes that have been born in the breasts of those boys in our C.C.C. camps, who were given a chance to get off the streets of our big cities for a while. I have seen it, too, and have seen it carry many of them into a higher standard of living and better understanding of the people they must live with, into better jobs with an understanding of another side of life. Of course, there have been chislers too, I grant you that, but they are far in the minority.

K. M. B., Michigan

*

Dictator Success

In yesterday's discussion one of the men said that the middle-class American would be the one to suffer most under the defense program. In my opinion this ability to make the middle class suffer is one of the reasons for the success of the dictators.

I believe that spread of co-operatives and unions is an attempt to broaden the scope of the middle class and to make it more democratic. Un-

der the American system the middle class will not disappear but only expand.

M. F. E., Iowa

*

Fed Up

How about the professional men who work for private concerns, where their salary is reported to the state and government to look over, and who must pay an honest tax?

We got caught in the depression and are still trying to live on that salary and keep our mortgage and other bills paid.

We didn't do as hundreds of others did who let Uncle Sam take their houses over, after they had lived in them for a year or more and paid no back taxes or interest or rent while in them.

We were brought up to be decent Americans, a credit to our country and city, but have decided that the real Americans have no place in this Yankee land any more.

My father was in the war of 1861–65, my uncle in the Spanish-American, and my late brother one of the first to get the "flu" at Camp Devon, so I feel our kind of people should get some consideration. Think this over as we people talk these subjects over at our meetings, and I know that the middle class are fed up on the break they are not getting!

C. R., Massachusetts

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LISTS

OF 1938–39 TRANSCRIPTS STILL IN PRINT WILL BE SENT UPON REQUEST. STUDENTS AND TEACHERS WILL FIND THESE ISSUES TO BE VALUABLE COMMENTARIES UPON EVENTS OF THE PERIOD.

Nos.

1940

98. *The Jews*
101. *Tariff Walls*
104. *Is America's Economic Frontier Closed?*
105. *Must the World Unite?*
106. *Can We Protect America?*
111. *Where's That War Boom?*
113. *Blitzkrieg, May, 1940*
114. *America and the Peacemongers*
115. *Babies Cost Money*
117. *Have We Time to Think?*
119. *America's Capacity to Arm*
120. *Economic Union for the Americas*
121. *Civil Liberties and the Fifth Column*
122. *M-Day and America*
125. *The New France*
126. *What Really Happened at Havana?*
128. *Blitzkrieg on Britain*
129. *Should America Aid Britain?*
131. *Can Germany Conquer Latin America?*
132. *Conscript Wealth, Too?*
134. *Will Hitler Attack America Next?*
137. *Warmongers and Appeasers*
138. *Polls and the Election*
140. *World Revolution*
141. *Art and Our Warring World*
142. *The Soviet Union and America*

Nos.

143. *Is Hitler Revolutionizing Britain?*
144. *Where Are Those 50,000 Planes?*
146. *1951: The Next Decade in Education*

1941

147. *More Aid to Britain Now?*
148. *Is This Our War?*
149. *Morale: First Line of Defense?*
150. *Can Capitalism Defend America?*
152. *Can the Americas Be Invaded?*
153. *Guns or Butter?*
154. *Dilemma in the Far East*
155. *How to Fight Nazi Propaganda*
156. *The Decline and Fall of the Roman Empire*
157. *Strikes and National Defense*
158. *Defense Economics*
159. *Should America Convoy to Britain?*
160. *Balkan Blitzkrieg*
161. *War Aims and Peace Aims*
162. *Which Road for America?*
163. *Lessons from Europe's War*
164. *The Effect of the Blitzkrieg on the Economic Order*
165. *Defense and America's Health*
166. *Roosevelt* vs. *Hitler*
167. *Polls and the Crisis*
168. *Where's Bunker Hill?*
169. *War against the Middle Classes?* June 8

ALL ROUND TABLE TRANSCRIPTS CONTAIN ADDED FACTUAL MATERIAL IN THE FORM OF GRAPHS, MAPS, PICTOGRAPHS, FOOTNOTES, BIBLIOGRAPHIES, ETC.

ROUND TABLE NETWORK

2:30 P.M. EASTERN DAYLIGHT SAVING TIME

City	Call Letters	Kilocycles	City	Call Letters	Kilocycles
Boston, Mass.	WNAC	1260	Portland, Me.	WCSH	970
Buffalo, N.Y.	WBEN	930	Providence, R.I.	WJAR	920
New York, N.Y.	WEAF	660	Rochester, N.Y.	WHAM	1180
Philadelphia, Pa.	KYW	1060	Schenectady, N.Y.	WGY	810
Pittsburgh, Pa.	WCAE	1250			

1:30 P.M. EASTERN STANDARD TIME

Altoona, Pa.	WFBG	1340	Jacksonville, Fla.	WJAX	930
Asheville, N.C.	WISE	1400	Johnstown, Pa.	WJAC	1400
Atlanta, Ga.	WSB	750	Lakeland, Fla.	WLAK	1340
Charleston, S.C.	WTMA	1250	Lima, Ohio	WLOK	1240
Charlotte, N.C.	WSOC	1240	Miami, Fla.	WIOD	610
Cleveland, Ohio	WTAM	1100	Norfolk, Va.	WTAR	790
Columbia, S.C.	WIS	560	Raleigh, N.C.	WPTF	680
Columbus, Ohio	WCOL	1230	Richmond, Va.	WMBG	1380
Dayton, Ohio	WING	1410	Savannah, Ga.	WSAV	1340
Detroit, Mich.	WWJ	950	Springfield, Ohio	WIZE	1340
Florence, S.C.	WOLS	1230	Tampa, Fla.	WFLA	970
Grand Rapids, Mich.	WOOD	1300	Washington, D.C.	WRC	980
Greenville, S.C.	WFBC	1330	Winston-Salem, N.C.	WSJS	600

1:30 P.M. CENTRAL DAYLIGHT SAVING TIME

Chicago, Ill.	WMAQ	670	Memphis, Tenn.	WMC	790
Fort Wayne, Ind.	WGL	1450			

12:30 P.M. CENTRAL STANDARD TIME

Amarillo, Texas	KGNC	1440	Milwaukee, Wis.	WTMJ	620
Birmingham, Ala.	WBRC	960	Minneapolis and St. Paul, Minn.	KSTP	1500
Bismarck, N.D.	KFYR	550	New Orleans, La.	WSMB	1350
Bristol, Tenn.	WOPI	1490	Oklahoma City, Okla.	WKY	930
Dallas-Fort Worth, Tex.	WBAP	820	Omaha, Neb.	WOW	590
El Paso, Texas	KTSM	1380	Rochester, Minn.	KROC	1340
Evansville, Ind.	WGBF	1280	St. Cloud, Minn.	KFAM	1450
Fargo, N.D.	WDAY	970	St. Louis, Mo.	KSD	550
Jackson, Miss.	WJDX	1300	San Antonio, Texas	WOAI	1200
Kansas City, Mo.	WDAF	610	Shreveport, La.	KTBS	1480
Kingsport, Tenn.	WKPT	1400	Springfield, Mo.	KGBX	1260
Little Rock, Ark.	KARK	920	Terre Haute, Ind.	WBOW	1230
Louisville, Ky.	WAVE	970	Tulsa, Okla.	KVOO	1170
Mankato, Minn.	KYSM	1230	Wichita, Kans.	KANS	1240

11:30 A.M. MOUNTAIN STANDARD TIME

Albuquerque, N.M.	KOB	1030	Phoenix, Ariz.	KTAR	620
Boise, Ida.	KIDO	1380	Pocatello, Ida.	KSEI	930
Bozeman, Mont.	KRBM	1450	Salt Lake City, Utah	KDYL	1320
Butte, Mont.	KGIR	1370	Tucson, Ariz.	KVOA	1290
Denver, Colo.	KOA	850	Twin Falls, Ida.	KTFI	1270
Helena, Mont.	KPFA	1240			

10:30 A.M. PACIFIC STANDARD TIME

Fresno, Cal.	KMJ	580	Sacramento, Cal.	KFBK	1530
Los Angeles, Cal.	KFI	640	San Francisco, Cal.	KPO	680
Medford, Ore.	KMED	1440	Seattle, Wash.	KOMO	950
Portland, Ore.	KGW	620	Spokane, Wash.	KHQ	590

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JUNE 22, 1941

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